

Utah Oil and Gas Activity



**By Steve Schneider,
Utah Division of Oil, Gas and Mining**

**To the Utah Tax Review Commission
June 12, 2008**

Utah Division of Oil, Gas and Mining



Oil and Gas

Coal

**John R. Baza
Director**

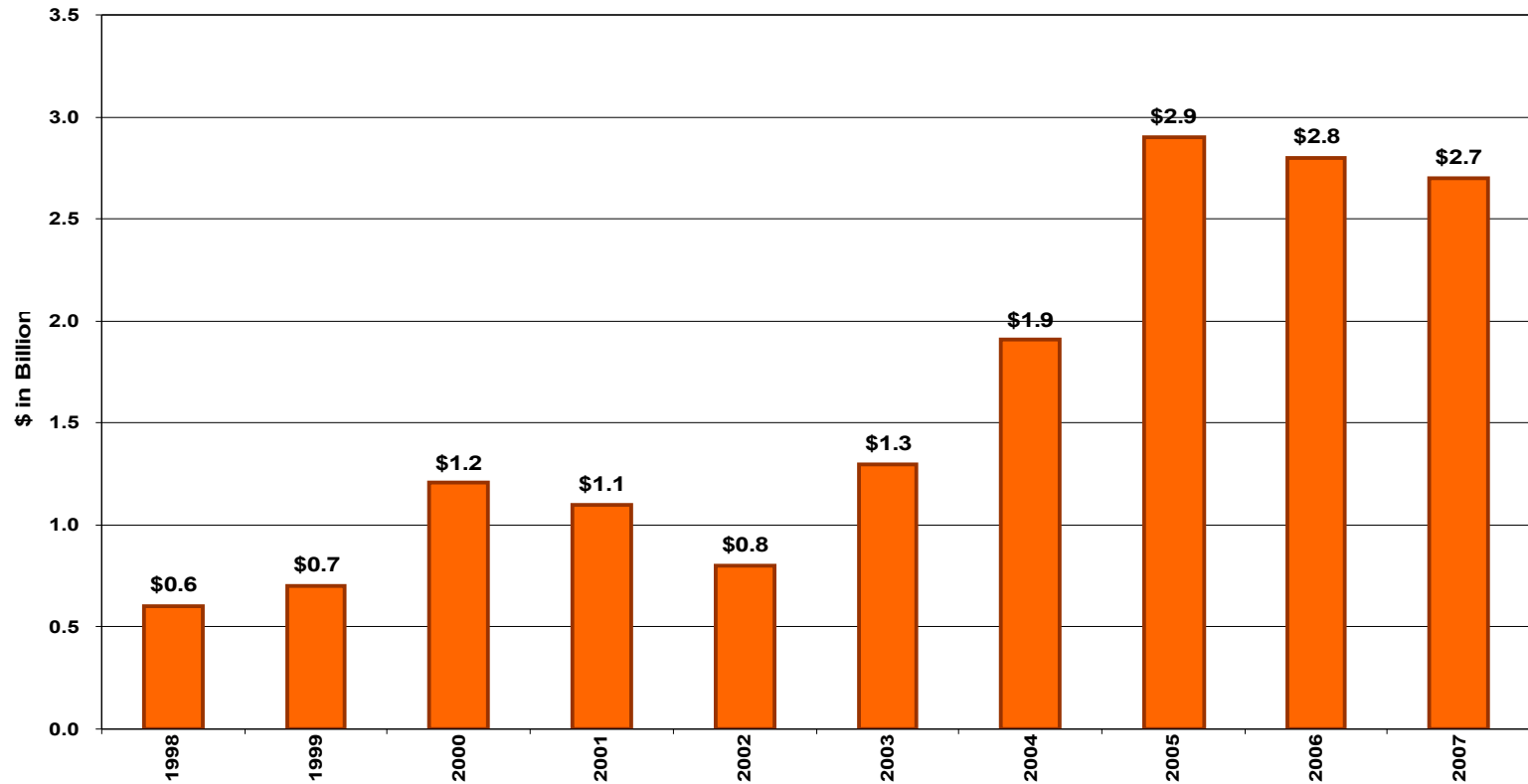
Minerals

**Abandoned Mine
Reclamation**

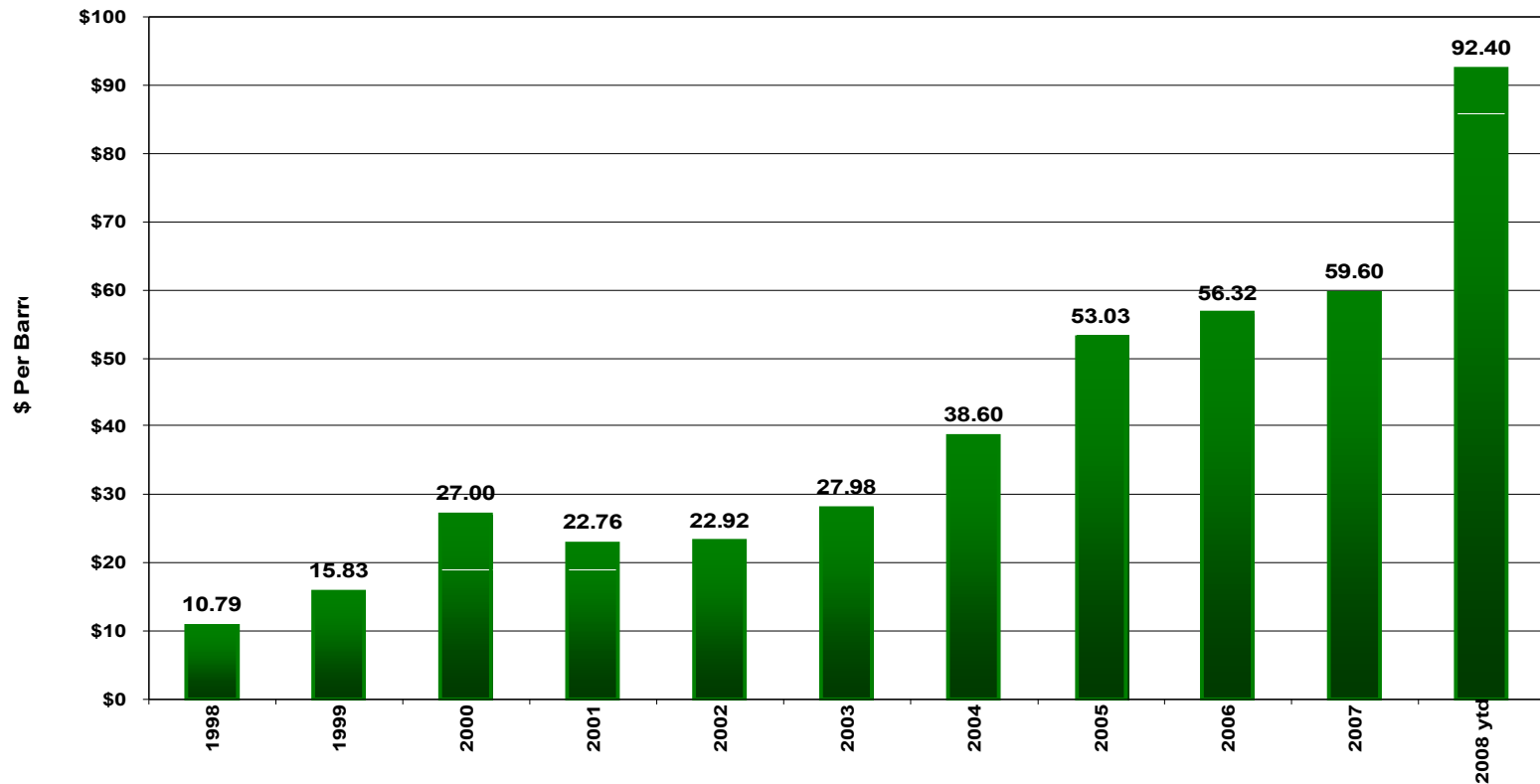
Board of Oil, Gas and Mining

Douglas E. Johnson, Chair
Robert J. Bayer
Jake Y. Harouny
Kent R. Petersen
Samuel C. Quigley
Jean Semborski
Ruland Gill

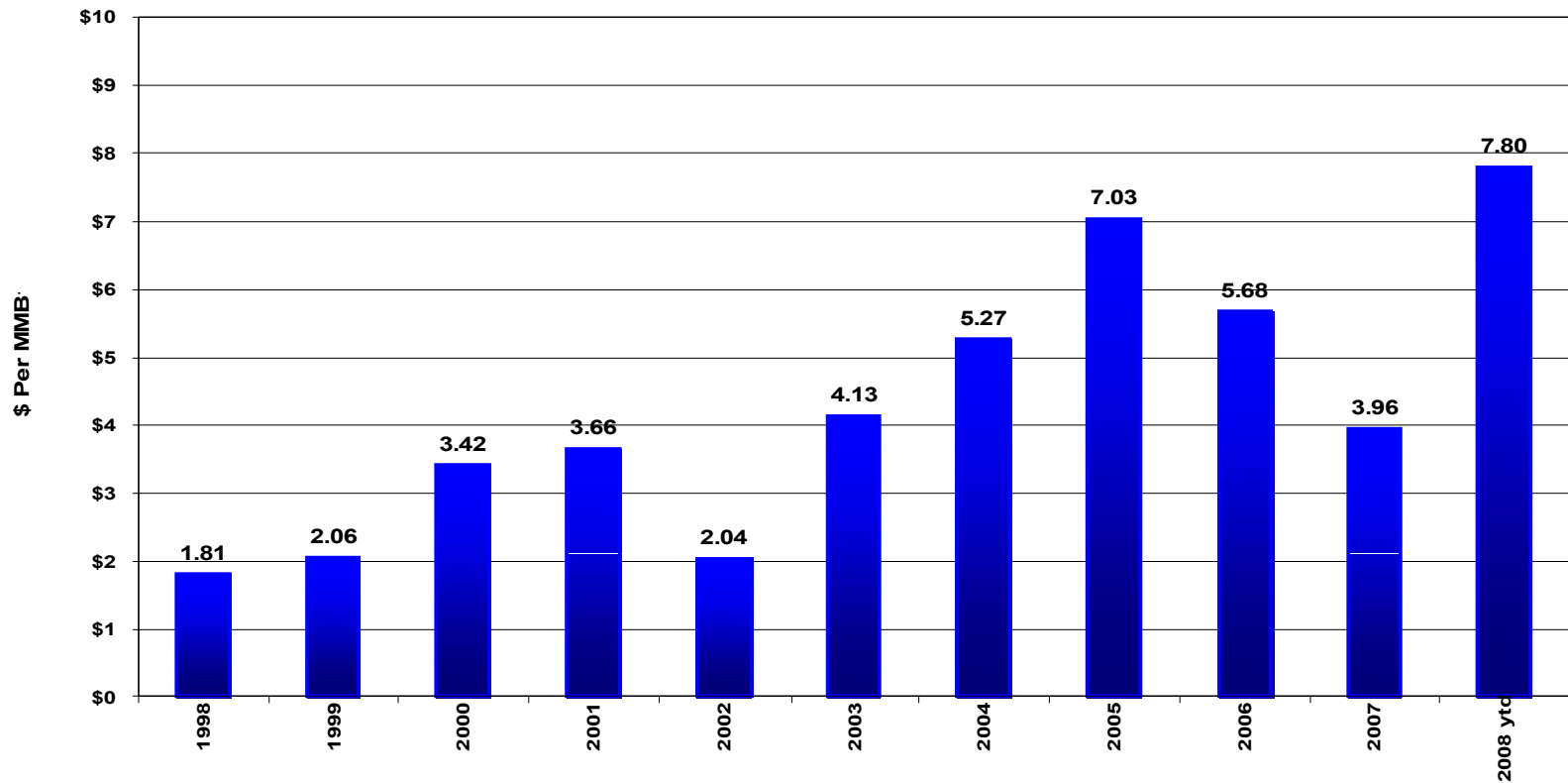
Utah Production Sales Value: Oil & Gas



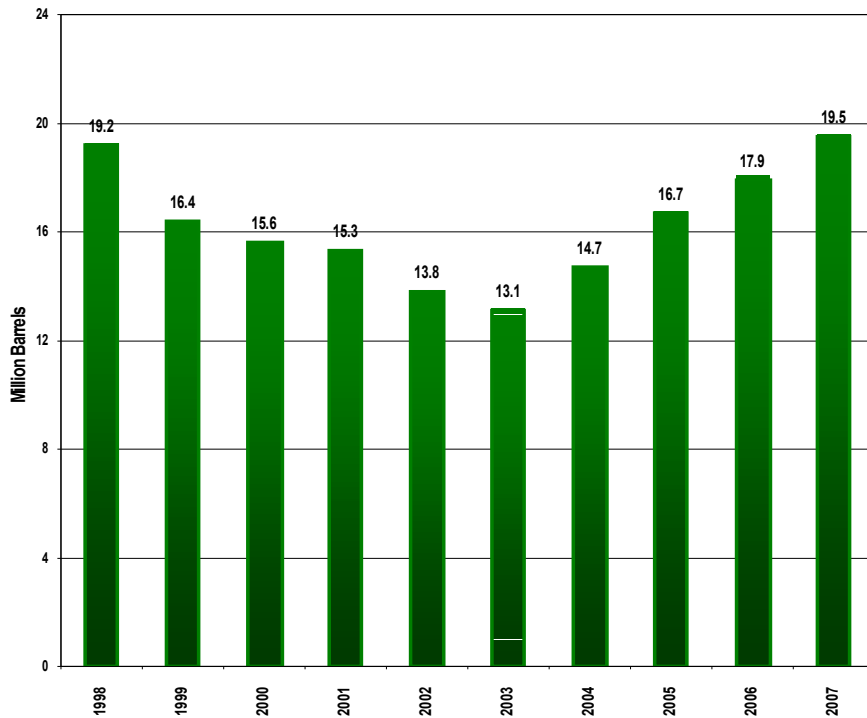
Average Annual Prices for Utah Black Wax



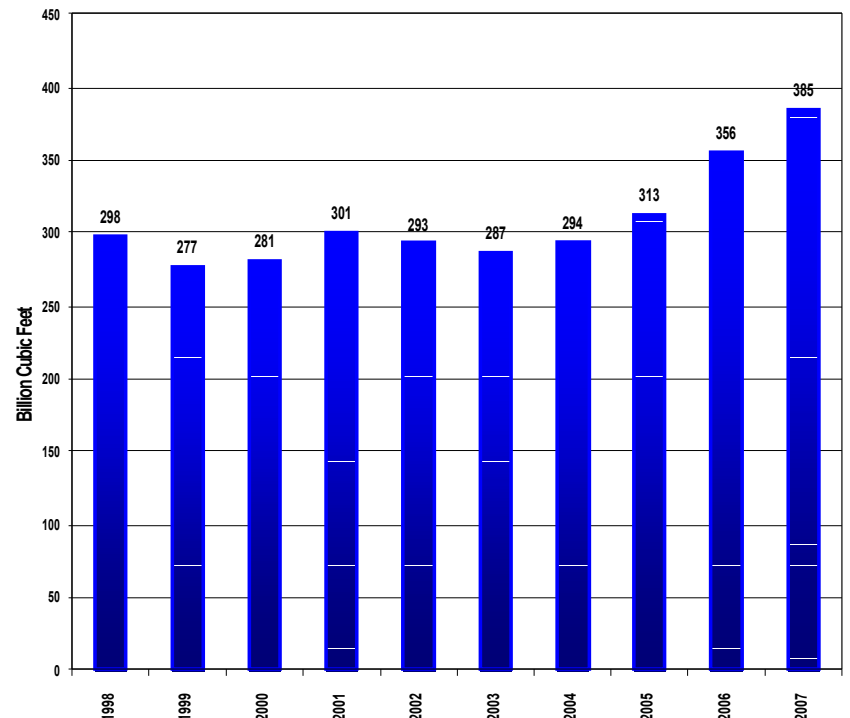
Annual Average Prices For Opal Natural Gas



Oil & Natural Gas Production

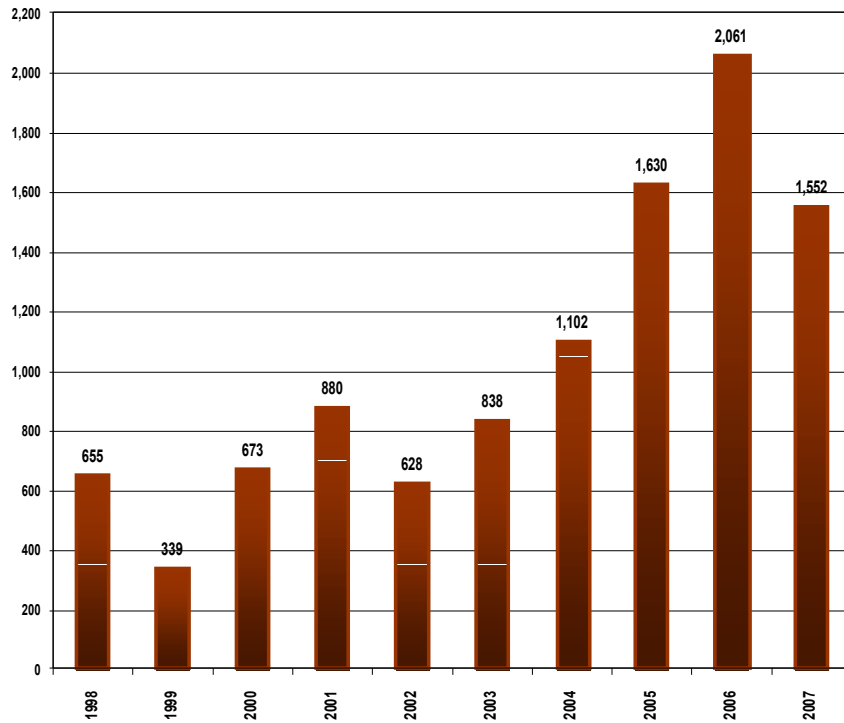


Oil Production

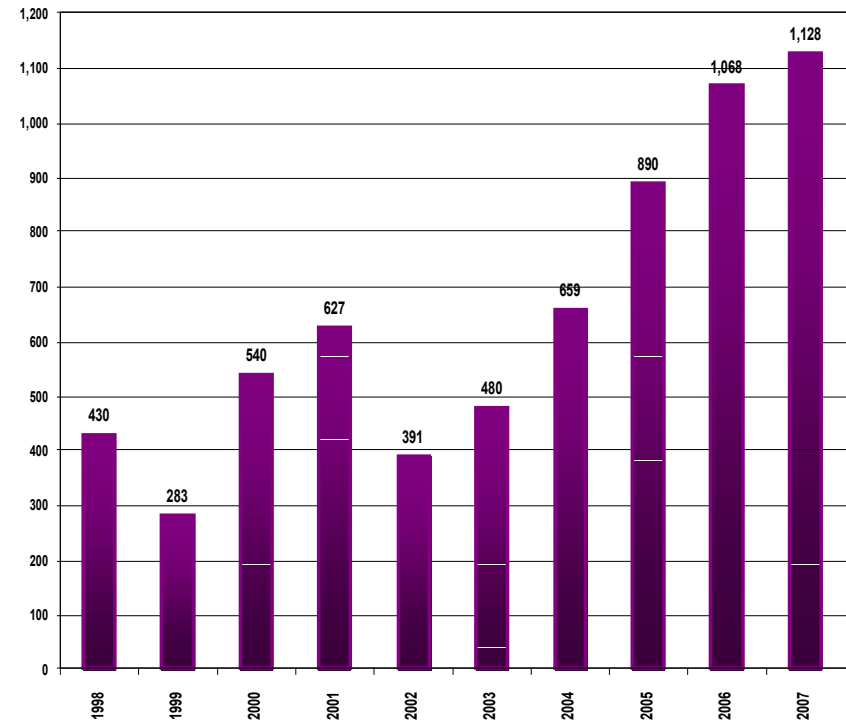


Gas Production

Drilling Activity



Permits Approved



Drilling Commenced (Spuds)

Changes Since 2002

- Discovery of Covenant oil field greatly increased interest in central overthrust area
- Deeper and more unconventional gas resources are being developed
- Economics and info learned from drilling are allowing for more dense gas well drilling
- Improvements in directional drilling technology are leading to more directional drilling and multi-well pads
- Internally, Division implementing electronic initiatives for information sharing and storing

Severance Tax Policy Thoughts

- Consumers need production of resources to meet increased demand in the U.S. and worldwide
- O&G production will continue as a significant source of reliable U.S. energy for the next decade and more
- Extreme volatility of prices occur in this industry so consider longer term than the current daily and monthly price
- Industry desires stable regulatory environment

Severance Tax Policy Thoughts

- Wildcat 12-month exemption encourages discovery of new fields and impacts severance tax by < \$1million per year.
- Incremental production 50% exemption encourages production from existing fields and impacts severance tax by < \$1million per year.
- Workover tax credit of 20% of the workover expense up to \$30,000 encourages production without new well site drilling
- Stripper exemption could be evaluated and industry could provide additional information

OGM website address:

<http://ogm.utah.gov>